Procure to Pay Handshakes

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What Are P2P Handshakes?

Data exchanges between functional communities across the P2P process that facilitate downstream business process and achieve system to system interoperability

P2P Handshakes

| HS1 Define & Fund Requirement | HS2 Pre-Award Funds Check | HS3 Post Obligation Data | HS4 Post Entitlement Data | HS5 Confirm Receipt and Acceptance | HS6 Perform Entitlement | HS7 Pay the Vendor & Record Disbursement | HS8 Report Disbursement to Treasury | HS9 Contract Closeout / Final Payment |

Why P2P Handshakes?

P2P Handshakes

HS1	HS2	HS3	HS4	HS5	HS6	HS7	HS8	HS9
Define & Fund Requirement	Pre-Award Funds Check	Post Obligation Data	Post Entitlement Data	Confirm Receipt and Acceptance	Perform Entitlement	Pay the Vendor & Record Disbursement	Report Disbursement to Treasury	Contract Closeout / Final Payment

To focus the operational communities governing the P2P process on enterprise standards and procedures critical to ensuring efficient and effective business at nine critical exchanges

# Handshake 1
Define And Fund Requirement

- ✓ Purchase Request Data Standard (joint governance)
  - ✓ Enables transmission of requirement as data
  - ✓ V3.0 published 2017
    - ✓ Adds contract modification capability

Handshake 2
Pre-award Funds Check

✓ DoD Financial Management Regulation and DFARS updated to require HS2 process

✓ Procurement Data Standard Pre-Val process being deployed

    ✓ Pre-validation process currently in use for SPS, SeaPort, PRISM (DHA and ONR), oContrax, and in test for ConIT (AF) and PADDS (Army)

✓ Compiled joint accounting error codes for automating HS2

✓ Published in March 2019 a Data Schema and Standard Operating Procedure to enable an electronic HS2 process for both accounting and contracts

✓ Early adopters for electronic HS2 process identified

Future State: Funds checks in multiple systems (One transaction)
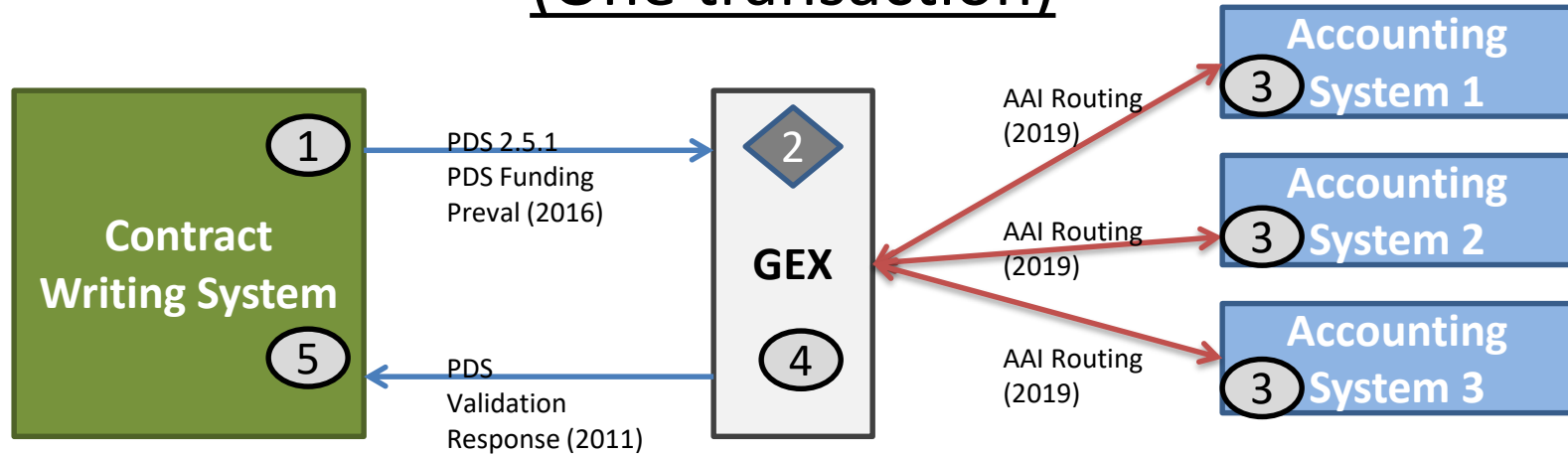
1. BEFORE award, contracting office will send the contract or modification in the Procurement Data Standard (PDS) format to GEX to validate funds are still available and line item structure is correct in the FM systems.
2. GEX validates the PDS and Line of Accounting, and then routes to the appropriate FM system(s) based on Agency Accounting Identifier (aka FSN, ADSN, AAA)
3. FM system validates that funds are still available and that line item data is valid and able to be posted correctly once the legal/contractual obligation has been made.
4. FM system will send an acknowledgement to GEX once validation is complete. If there are any failures the acknowledgement will contain the reason for failure.
5. GEX incorporates results into validation response.

SPS and DAI will be conducting an end to end test in May, and going live with a pilot agency in July.

Handshake 3/4

GREEN

Electronically Record Contracts
To Accounting And Entitlement Systems

- ✓ Standard Operating Procedure (SOP) issued by OUSD (Comptroller) and Dir, DPAP Feb 2016

- ✓ DoD Procurement Data Standard Service available for accounting and entitlement systems to use at GEX

- ✓ DoD FMR requires <u>digital</u> posting of contract awards to accounting and entitlement systems

- ✓ Monthly DoD scorecard on electronic contract data since 2011

Handshake 3/4

Electronically Record Contracts
To Accounting And Entitlement Systems

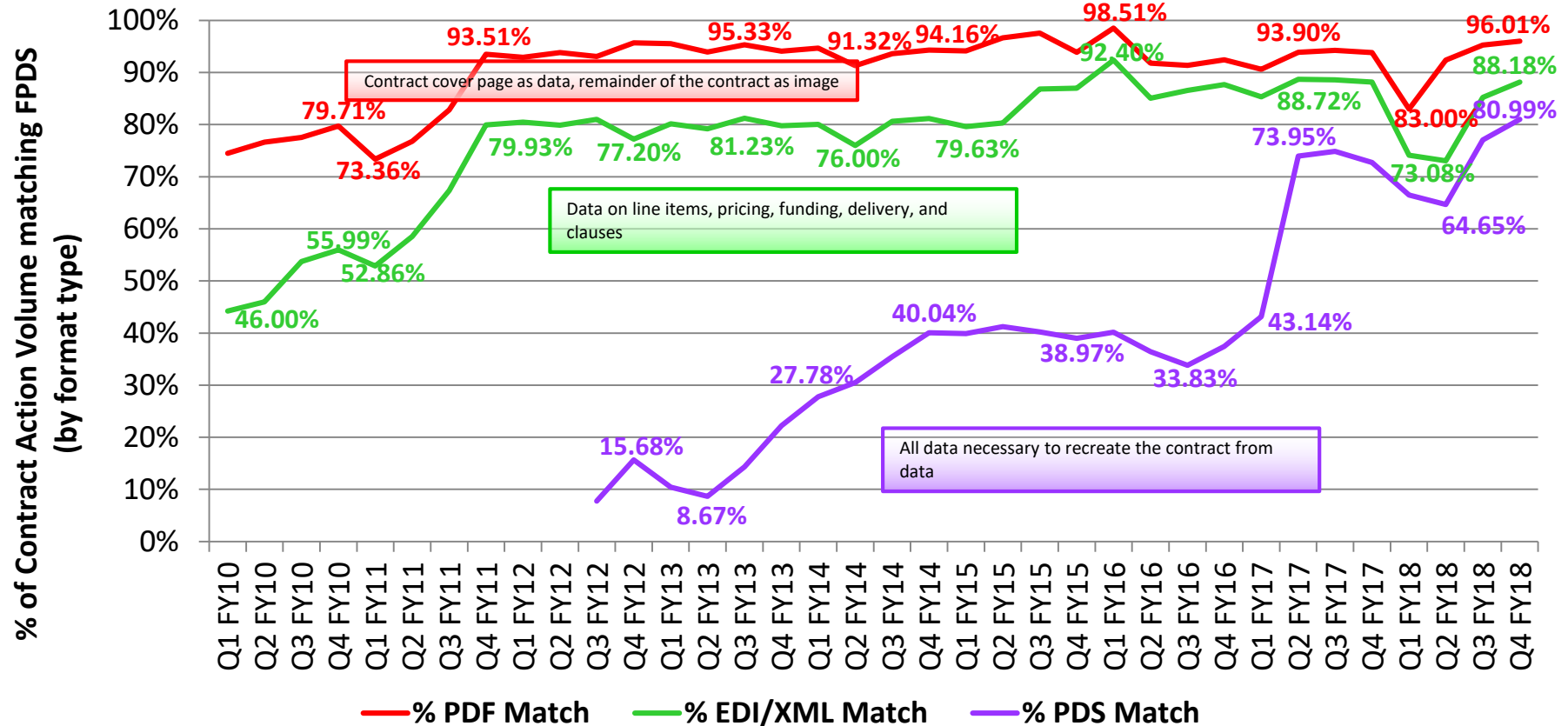- Accounting systems taking or planning to take procurement data from GEX (including PDS, XML, UDF, X12, etc.)

Acct Sys	Status
DAI	In place (PDS)
DEAMS	In place (PDS)
SABRS	UDF (PDS – FY20)

Acct Sys	Status
EBS	TBD (for external only)
NERP	XML (PDS – TBD)
GFEBS	X12, point-to-point only (PDS – TBD)

- GEX Recycling capability enables automatic reprocessing of awards and modifications that occur on the same day as the parent instrument.
  - Recycling functionality is available but must be implemented by individual receiving systems

Contract Data Performance Over Time FY10-FY18

Y-axis: % of Contract Action Volume matching FPDS (by format type)

% PDF Match (red):
- 79.71%
- 73.36%
- 93.51%
- 95.33%
- 91.32%
- 94.16%
- 98.51%
- 93.90%
- 83.00%
- 96.01%

Contract cover page as data, remainder of the contract as image

% EDI/XML Match (green):
- 46.00%
- 55.99%
- 52.86%
- 79.93%
- 77.20%
- 81.23%
- 76.00%
- 79.63%
- 92.40%
- 88.72%
- 73.08%
- 88.18%

Data on line items, pricing, funding, delivery, and clauses

% PDS Match (purple):
- 15.68%
- 8.67%
- 27.78%
- 40.04%
- 38.97%
- 33.83%
- 73.95%
- 43.14%
- 64.65%
- 80.99%

All data necessary to recreate the contract from data

X-axis: Q1 FY10, Q2 FY10, Q3 FY10, Q4 FY10, Q1 FY11, Q2 FY11, Q3 FY11, Q4 FY11, Q1 FY12, Q2 FY12, Q3 FY12, Q4 FY12, Q1 FY13, Q2 FY13, Q3 FY13, Q4 FY13, Q1 FY14, Q2 FY14, Q3 FY14, Q4 FY14, Q1 FY15, Q2 FY15, Q3 FY15, Q4 FY15, Q1 FY16, Q2 FY16, Q3 FY16, Q4 FY16, Q1 FY17, Q2 FY17, Q3 FY17, Q4 FY17, Q1 FY18, Q2 FY18, Q3 FY18, Q4 FY18

Legend: —— % PDF Match —— % EDI/XML Match —— % PDS Match

Handshake 3/4
Electronically Post Contracts
To Accounting And Entitlement Systems

Yellow

- ✓ PIID contract format deployed 100% across DoD
- ✓ Accounting and entitlement scorecard developed
- • Developing PDS Direct to MOCAS UDF Maps for Contracts (850) and Modifications (860) (HS4)
- • Kicking off effort with DFAS to identify improvement areas for CAPS-W (HS4)

CHALLENGES:

- – Determining barriers to success with accounting and entitlement systems
- – Continuing to focus on contract quality and traceability with the accounting community (ex: missing LOAs, AAI critical)

Handshake 5
Confirm Receipt And Acceptance

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✓ Mature procedures and processes for use of WAWF (85% deployed across DoD)*

✓ Improved verification and validation of receiving reports and invoices at point of receipt by government

✓ Partnered with DCAA to develop ability to efficiently process cost vouchers

✓ Integrating COR reports with DCAA reviews (May 19)

* Without DLA and Corp of Engineers

Handshake 5
Confirm Receipt and Acceptance

✓ DPAP and Comptroller agree on the methodology for recording accruals; actual system application determined in the individual accounting systems

Handshake 6
<u>Perform Entitlement</u>

- ✓ Updated Payment Instructions in Dec 2017
  - ✓ Requires insertion of a table or link to DFARS table in Section G of contract
  - ✓ Refinement of rules in process
- ✓ Implement Accounting process changes to ensure 3-way match prior to payment
- ✓ March 2019: Established the Vendor Invoice and Payment Working Group to identify pain points/root causes behind invoice/payment failures and develop corrective actions to improve
- • Define financing payment process to resolve audit Notice of Findings and Recommendations (NFRs)
- • Rationalization of entitlement systems (reduce legacy systems and clearly identify which systems can perform specific payment types)
  - ✓ Established Authoritative Pay Office DoDAAC list
  - – Incorporate Pay Office DoDAACs into PDS validations

Handshake 7 – Pay The Vendor
Handshake 8 – Report Disbursement To Treasury

- ✓ Standardize service input and industry access to invoice status – myInvoice (GEX maps and WAWF capability deployed 2015)
- ✓ Build the foundation of the GEX infrastructure between the entitlement and accounting systems, Treasury and DCAS
  - ✓ DAI, EBS, and GFEBS process payments via Treasury Direct Disbursing
- ✓ Implement central cash recon process within Defense Cash Accountability System (DCAS) – Complete 4th Qtr FY17

Handshake 7 – Pay The Vendor

<u>Handshake 8 – Report Disbursement To Treasury</u>

- ✓ Build DCAS data standards
  - ✓ Pay collection inbound/outbound
  - ✓ Posting results inbound
  - ✓ Treasury standards inbound
- ✓ Build Treasury data standards
  - ✓ Payment Application Modernization (PAM) in/outbound
  - ✓ International Treasury Services (ITS) in/outbound
  - ✓ Payment Information Repository (PIR) in/outbound
  - ✓ Central Accounting Reporting System (CARS) in/outbound
  - ✓ Post Payment System (PPS) inbound
- ✓ Build the connections between the entitlement, accounting, and disbursing systems
- • Continue to implement Treasury Direct Disbursing

Handshake 9
Contract Closeout

- ✓ 2015
  - ✓ Established Contract Closeout Working Group
  - ✓ Implemented capability for WAWF automated closeout (62K closed to date)
- ✓ 2017 - Implemented production capability to workflow enterprise contract closeout
- ✓ 2018 – Placed DATA Lake closeout scorecards in production
- ✓ 2018-19 Clean up of old contracts in EDA: recorded closeout of 21.9M contracts to date

Handshake 9
Contract Closeout

- ✓ DFARS Deviation 2018-O0014 approved 4 May 2018 providing bulk closeout authority for sets of old contracts
  - ✓ Implements 2017 NDAA Section 836, modified by 2018 NDAA section 824
  - ✓ Allows offsets across contracts and across funds
  - ✓ DCMA closed 1,132 contracts valued at $44B as of March 2019
- ✓ Established the Cancelled Funds Working Group in April 2019
- Quick closeout deviation (currently being staffed)
- P2P Standard Operating Procedure (currently being staffed)
- DoD Common closed contract repository (part of archiving PIEE module records) by end of 2019